

<p style="text-align: center;">FACT SHEET Assembly Bill 989 (Assembly Member Block): Senior Insurance Protection</p>

Summary:

In 1990, the Legislature enacted Senate Bill 2333, which revised the Insurance Code by adding Article 6.3, relating to the sale of insurance to elders. The purpose of these provisions was to protect elders against the deceitful conduct of some licensed agents who were employing high-pressure and misleading tactics to sell elders annuities and other insurance products. Under existing law, the Insurance Commissioner has the administrative authority to bring actions against insurers who violate these provisions. The Attorney General, district attorney, and city attorney have the authority to bring actions for injunctive relief against insurers who violate the established provisions.

Problem:

The sale of insurance products to elders in violation of Article 6.3 continues. Governmental agencies lack the resources to seek and obtain administrative penalties against violators. They also lack the means to vindicate the rights of elders who have been harmed by these tactics. Because Article 6.3 authorizes governmental agencies to enforce its provisions and because it is silent as to whether individuals also have such a right, the courts have repeatedly decided that no private right exists. In other words, an elder may not sue a life agent who sells an insurance product in a manner prohibited by Article 6.3.

In many instances, elders do not understand the consequences of the complex insurance products they purchase. They invariably rely heavily on the recommendations of agents who convince them that the product they are selling is desirable.

Solution:

Assembly Bill 989 would allow any person harmed as a result of Article 6.3 violations to file a civil action for compensation for the damages and any other remedies otherwise provided by law. Providing individual elders with the right to enforce Article 6.3 would require no public funding and would help promote the Legislature's objectives in enacting the protective measures for the elderly community in California.

For More Information:

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